

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:375

ANSWERED ON:17.08.2001

SUBSIDIES TO REDUCE COST OF MARKETING AND EXPORT

GULAM MEHMOOD BANATWALLA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

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(a) whether the Government are aware of WTO compulsions and the need for reducing the cost of marketing and exports, both in agricultural and other products;

(b) if so, whether there is any proposal to grant WTO-compatible subsidies to reduce such exports costs in areas like handling and processing as also in reducing the cost of international and internal transport and freight; and (

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI DIGVIJAY SINGH)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) LOK SABHA STARRED QUESTION NO.375 FOR 17 AUGUST,2001 REGARDING SUBSIDIES TO REDUCE COST OF MARKETING AND EXPORT

(a) to (c) : While the export subsidies are prohibited under the WTO Agreement on Agriculture (AoA), the countries which were giving export subsidies at the time of entering into force of the Agreement on Agriculture are required to undertake reduction commitments from the 1986-1990 base levels at the rate of 36% in value terms and 21% in volume terms over a six years period. However, in the case of developing countries, the reduction commitments are 24% in value terms and 14% in volume terms respectively over a ten years period and no reduction commitments are required to be undertaken by the developing countries in respect of export subsidies to reduce the cost of marketing exports of agricultural products including handling, upgrading and other processing costs and the costs of international transport and freight as well as internal transport freight charges on export shipments during the implementation period. As far as the goods not covered by the AoA are concerned, the Agreement on Subsidies and Countervailing Measures permits developing countries having annual per capita GNP of less than US\$ 1000/- to give export subsidies upto 3% without the risk of being countervailed.

In India, exporters of certain specified agricultural items under some specific circumstances, get some subsidies to reduce the cost of international freight.

WTO compatible support to reduce the cost of marketing exports of agricultural products has been provided in the scheme for Agri-Export Zones and for Market Access Initiative.